



CALIFORNIA EMPLOYER

First Quarter 1999

Telefile program now offers Electronic Funds Transfer payment option

The Employment Development Department's (EDD) Telefile program now offers employers the option of using Electronic Funds Transfer (EFT) to make payments over the phone. This is in lieu of mailing a *Payroll Tax Deposit* (DE 88) or *Annual Payroll Return for Employer of Household Workers* (DE 3HW). The Telefile program, which is a beneficial filing option for employers of household workers and other employers with a small number of employees, previously was only available to Telefile quarterly wage reports (DE 6 or DE 3BHW).

All registered Telefile customers will be mailed materials and instructions for using the EFT function. Future Telefile registration packages will include information for both Telefile and EFT authorization. Following are some questions and answers about Telefile and the new EFT function.

Q. Is the Telefile program and its EFT option mandatory?

A. No, Telefile is a voluntary, alternative filing method for employers of household workers and other employers with a small number of employees. Also, you may elect to use the Telefile system to file quarterly wage reports, but elect *not* to use the EFT



payment function. However, electing to file and pay in the same phone call can streamline your tax reporting and payment requirements by eliminating the need to mail report forms or checks.

Q. I have been making my tax deposits (DE 88) for two years using EDD's regular EFT program, and recently registered as a Telefile customer to file my wage reports. Can I use the Telefile EFT function?

A. If you are authorized as an Automated Clearing House (ACH) *debit* EFT customer, you are already authorized to use EFT through the Telefile program. When you call the Telefile access phone line, you will automatically be given the option to file your DE 88.

If you are authorized as an ACH *credit* EFT customer, you must submit a *Telefile EFT Authorization* form (DE 26T) to become a debit customer.

An ACH debit authorization is also required for customers who file an *Annual Payroll Tax Return for Employer of Household Workers* (DE 3HW). In addition to having an EFT authorization form on file with EDD, you must be registered as a Telefile customer to use Telefile's EFT option.

(continued on page 2)

Preparing for the Year 2000: What changes can employers expect to see?

At EDD, we are committed to ensuring uninterrupted business operations for our customers as we move into the next century. In 1996, we established a team to assess all existing applications, software, and equipment. Based on recent assessments, we expect to have all mission critical applications modified by March 31, 1999. We hope the following information will help you plan for the Year 2000.



DE 88 Coupons: We do not anticipate any modifications to the *Payroll Tax Deposit* (DE 88) coupon at this time.

Electronic Funds Transfer (EFT): We do not anticipate any date format changes to the EFT program. We have been working with entities involved in the ACH to

ensure an efficient transition into the Year 2000. Plans are in place to process EFT payments made after December 31, 1999, without interruption.

In the event your financial institution is unable to accept electronic payments through the ACH debit or credit method, you should send us a DE 88 coupon and check for payment until your financial institution's ACH problem is fixed. You can help us by being prepared and having DE 88 coupons on hand. You may obtain DE 88 coupons from EDD's website at www.edd.cahwnet.gov/taxform.htm, or by contacting your local Employment Tax Customer Service Office.

If you have any questions about EDD's Year 2000 EFT preparation, please

contact us at: EDD, EFT Unit, MIC 15, P.O. Box 826880, Sacramento, CA 94280-0001, or fax us at (916) 654-7441.

New Employee Registry (NER): We do not anticipate any date format changes to the NER program.

(continued on page 3)

IN THIS ISSUE

- 2 ... State deposit dates and banking holidays in 1999
- 2 ... Group term life insurance
- 2 ... UI reserve account charges
- 2 ... *Employer's Guide* correction
- 3 ... Taxpayer Service Days
- 3 ... Job tax credits for employers
- 4 ... Employers play vital role in labor market information collection
- 4 ... Protect your UI reserve account

State deposit dates and banking holidays in 1999

State deposit due dates are generally the same as federal deposit due dates. For specific payroll tax deposit requirements, please see the "California Deposit Requirements" chart on page 34 of your 1999 *California Employer's Guide* (DE 44).

If a deposit date falls on a Saturday, Sunday, or banking holiday, the due date is extended to the next banking day. The EDD recognizes banking holidays

observed by the Federal Reserve Bank. Please refer to the chart below for banking holidays and dates in 1999.

If you have any questions, please contact your local Employment Tax Customer Service Office. To find the office nearest you, check the *California Employer's Guide*, or the State Government section of your phone directory under "Employment Development Department."

HOLIDAY OBSERVED	1999 DATE	NEXT BANKING DAY IN 1999
New Year's Day	January 1	January 4 (Monday)
Martin Luther King Jr. Day	January 18	January 19 (Tuesday)
Presidents' Day	February 15	February 16 (Tuesday)
Memorial Day	May 31	June 1 (Tuesday)
Independence Day	July 5	July 6 (Tuesday)
Labor Day	September 6	September 7 (Tuesday)
Columbus Day	October 11	October 12 (Tuesday)
Veterans Day	November 11	November 12 (Friday)
Thanksgiving Day	November 25	November 26 (Friday)
Christmas Day	December 25	December 27 (Monday)

UI reserve account charges - domestic violence/abuse

In August 1998, a law (Senate Bill 165) was passed which provides that an individual may be deemed to have left the workplace with good cause if the individual leaves employment to protect his/her children, or him/herself, from domestic violence/abuse.

The law provides that an employer's reserve account will not be charged for UI benefits paid if EDD finds that the individual had good cause to quit due to domestic violence/abuse.

This provision applies to rulings and determination/rulings issued by EDD on and after January 1, 1999.

To be relieved of charges, you must respond timely to the first claim notice you receive, either the *Notice of UI Claim Filed* (DE 1101CZ), or the *Notice of Wages Used for UI Claim* (DE 1545).

As an employer, it is your responsibility to provide all available facts to EDD regarding the individual's separation due to domestic violence/abuse.

Telefile now offers EFT payment option

(continued from page 1)

Q. What is the difference between ACH Debit and ACH Credit filing?

A. With ACH Debit, you authorize EDD's Data Collector to electronically debit a bank account you control for the amount you report to EDD. With ACH Credit, you transfer funds by instructing your financial institution to debit your account and credit the state's bank account.

Q. Does EDD charge me to use EFT?

A. No, EDD does *not* charge employers to use the EFT function. However, you should check with your bank to see if there are transfer fees associated with EFT transactions.

To find out more about the Telefile program and EFT function, or to request a Telefile EFT authorization form or registration package, please call the Telefile Customer Service Help Line at 1-800-796-3524.

Is group term life insurance taxable?

For California tax purposes, employer-paid premiums for group term life insurance policies are *not* considered taxable wages for UI, ETT, State Disability Insurance, or PIT withholding. Although not subject to PIT withholding, premiums are considered taxable income to the employee when the face value of the policy exceeds \$50,000 and should be reported as "PIT Wages" on line H of the *Quarterly Wage and Withholding Report* (DE 6).

Please note that the PIT withholding requirements information on group life insurance on page 83 of the 1999 *California Employer's Guide* (DE 44) is incorrect. Regardless of the face amount of the policy, employer-paid premiums for group life term insurance policies are *not* subject to PIT withholding.

We have also been advised that the Internal Revenue Service (IRS) 1998 *Employer's Supplemental Tax Guide* (Publication 15-A) incorrectly states that the cost of group term life insurance coverage in excess of \$50,000 is taxable for Federal Unemployment Tax Act (FUTA) purposes. The IRS' 1999 *Supplemental Tax Guide* correctly states that the cost of group term life insurance coverage is *not taxable* for FUTA purposes.

Correction for the 1999 Employer's Guide

A number was inadvertently omitted from a withholding table in the 1999 *California Employer's Guide* (DE 44). On page 107, please insert "9.46" in the blank space on the last row for the column noting "six (6) withholding allowances claimed."

If you have any questions, or if you have not yet received a 1999 *Employer's Guide* and would like a copy, please contact your local Employment Tax Customer Service Office. You may also download a copy of the *Employer's Guide* (with a corrected page 107) from our Internet site at: www.edd.cahwnet.gov/taxform.htm.

Upcoming schedule of taxpayer service days for small business

In partnership with local, state, and federal agencies, EDD continues to cosponsor Small Business Taxpayer Service Days around California. These events give you the opportunity to access many government agencies at a single location.

Education and counseling are offered to help you avoid common pitfalls and costly mistakes. Workshops will include topics such as reporting requirements, employee and independent contractor relationships, and an opportunity to talk to our Taxpayer Rights Advocate staff. Knowledgeable staff will be available to answer your questions and provide

informational materials. There is no cost to participate, but we recommend that you make reservations if you plan to attend a workshop. The box below shows upcoming Taxpayer Service Days.

Payroll Tax Seminars Also Offered

In addition to Taxpayer Service Days, EDD also offers no-cost educational seminars to help you understand and comply with California employment tax laws. Seminars can be customized to meet your organization's specific needs. For more information on payroll tax seminars, visit our website at www.edd.cahwnet.gov/txsem.htm, or contact the number for your area:

- San Diego and Imperial Counties
(619) 516-1943
- Orange County and Inland Empire
(714) 288-2619
- Los Angeles County
(562) 904-1005
- Ventura, Santa Barbara, and San Luis Obispo Counties
(805) 677-2785
- Central and North Coast
(408) 277-9400
- Central Valley, North
(916) 464-3502
- Central Valley, South
(805) 335-7329

TAXPAYER SERVICE DAYS 	LONG BEACH/SOUTH BAY Long Beach Convention Center March 12, 9 a.m. - 4 p.m. Call: (310) 516-4330 Fax: (310) 516-4139	CHICO Calif. State University, Chico March 24, 8:30 a.m. - 3:30 p.m. Call: (916) 227-1882 Fax: (916) 227-1883	BAKERSFIELD Bakersfield College March 31, 8:30 a.m. - 3:30 p.m. Call: (805) 334-3929 Fax: (805) 395-2588
	STOCKTON University of the Pacific March 18, 8:30 a.m. - 3:30 p.m. Call: (209) 932-2338 Fax: (209) 941-1984	SACRAMENTO American River College March 27, 8:30 a.m. - 3:30 p.m. Call: (916) 227-1882 Fax: (916) 227-1883	FRESNO Calif. State University, Fresno April 1, 8:30 a.m. - 3:30 p.m. Call: (209) 248-4209 Fax: (209) 221-5234
	SAN BERNARDINO Calif. State Univ., San Bernardino March 23, 8:30 a.m. - 3:15 p.m. Call: (909) 680-6705 Fax: (909) 680-6712	VENTURA Ventura Community College March 30, 8:30 a.m. - 3:30 p.m. Call: (805) 677-2771 Fax: (805) 677-2710	HAYWARD (Small Business Fair) Calif. State University, Hayward May 1, 8:30 a.m. - 2:30 p.m. Call: (510) 637-2473 (No reservations needed)

Employers: Preparing for the Year 2000

(continued from page 1)

Magnetic Media: Year 2000 format changes for the *Quarterly Wage and Withholding Report* (DE 6) submitted in tape and diskette format will be mailed to magnetic media filers in spring 1999.

If you currently file by magnetic media, you are not required to change to the new format, but are encouraged to do so because the old format will be phased out eventually. If you do not receive a 1999 *Magnetic Media Reporting Requirements for Quarterly Wage & Withholding Program* booklet (DE 8300) by May 1, 1999, which includes the Year 2000 format changes, please contact our Magnetic Media Coordinator at (916) 654-6845.

Telefile: We do not anticipate any changes for Telefilers.

Electronic Data Interchange (EDI): We do not anticipate any changes to the EDI date formats.

Alternate Forms: We do not anticipate any changes for Alternate Forms filers.

If you have questions about EDD's Year 2000 Project, please write to: EDD, Tax Branch Year 2000 Project Team, MIC 93, P.O. Box 826880, Sacramento, CA 94280-0001, or fax (916) 654-6969.

(The above is a Year 2000 statement concerning EDD's Year 2000 remedial efforts.)

Job tax credits are available for employers

Did you know that you can receive up to \$8,500 in federal tax credits for every eligible job seeker you hire?

You can through the federal Work Opportunity Tax Credit (WOTC) program. And, it is easy to apply for these credits because there are only two one-page forms to complete.

For complete details on this program, please call the WOTC Center at (916) 774-4374, or visit EDD's Internet site at www.edd.cahwnet.gov (select the "For Employers" section).

Employers play vital role in collection of valuable labor market information

The EDD's Labor Market Information Division contacts approximately 35,000 California businesses each year to collect occupational employment and wage data. This information is critical to providing good state and local economic data to EDD's customers.

Nearly 80 percent of employers surveyed responded last year, enabling the Department to prepare statewide and area occupational and wage data. Each survey form identifies specific occupations generally found in the size of the firm and industry being surveyed.

The annual Occupational Employment Statistics (OES) survey collects occupational data for over 760 occupations in 74 industry groups, including private, public, and nonprofit employers. The information gathered from the survey is valuable to job seekers, economic

MEDIAN HOURLY WAGE FOR SELECTED OCCUPATIONS				
<u>Occupational Title</u>	<u>California</u>	<u>Los Angeles</u>	<u>Santa Clara</u>	<u>Fresno</u>
Salespersons, Retail:	\$ 7.56	\$ 7.77	\$ 7.94	\$ 6.76
General Office Clerks:	10.04	10.12	11.06	8.00
Accountants and Auditors:	19.15	19.54	20.53	14.81
Maintenance Repairers:	11.28	12.05	12.31	9.85
Registered Nurses:	22.84	23.06	22.97	21.87
Electrical & Electronic Engrs.:	32.70	30.69	35.42	27.75
Computer Support Specs.:	20.58	20.55	24.01	16.38
<i>Source: U.S. Bureau of Labor Statistics; California Employment Development Department, Labor Market Information Division</i>				

developers, the education and training community, researchers, and to employers who wish to compare their wage rates with those in other locations. Wage data from the last OES survey can be found on EDD's website at www.calmis.ca.gov under "Data by Subject: Occupational and Career Information," "Wages from the OES Survey." We hope this kind of informa-

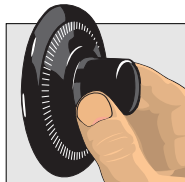
tion will be useful to our customers involved in all aspects of the California economy. If you are one of the employers selected to participate this year, please help us by completing the form and sending it back in the return envelope. If you have questions or need assistance with the survey, please call one of our representatives at 1-800-826-4896.

Completion of benefit audit forms helps protect your UI reserve account

Each quarter, *Benefit Audit* forms (DE 1296B) are mailed to employers to request earnings information for the specific weeks that UI claimants were paid benefits. The returned forms are compared to UI benefits paid to detect claimant fraud.

During state fiscal year 1997-98, EDD's Benefit Audit Program identified more than 113,000 cases of claimant fraud. A total of \$45.1 million in benefit overpayments was established, resulting in credits to employers' reserve

accounts. We are striving to find new methods to detect and prevent UI benefit fraud. Effective July 1, 1999, we will begin using New Employee Registry (NER) information to cross-match the start-of-work date to the UI benefits paid. This will help us identify and detect claimant fraud, often within three weeks of the claimant's start-of-work date.



Please help us in our effort to detect claimant fraud by completing and returning all *Benefit Audit* forms you receive, and by providing the start-of-work date for all new hires. Your cooperation is essential to the success of the claimant fraud detection program. If you would like more information, or need assistance in completing a *Benefit Audit* form, please call us at (916) 464-2350.

Employment Tax Information			
General Information or Requests for Tax Forms (25 copies or less)	Call the nearest Employment Tax Customer Service Office	Telefile	1-800-796-3524
Forms Requests (more than 25 copies)	(916) 322-2835 Fax: (916) 928-5910	Electronic Data Interchange	(916) 255-1649
Register for an EDD Employer Account #	(916) 654-7041 Fax: (916) 654-9211	Tax Rates & Benefit Charge Information	(916) 653-7795
Electronic Funds Transfer	(916) 654-9130 Fax: (916) 654-7441	New Employee Registry	(916) 654-6845 Fax: (916) 654-7441
Magnetic Media Reporting	(916) 654-6845 Fax: (916) 654-7441	Offers in Compromise	(916) 464-2726 Fax: (916) 464-2121
Alternate Forms Coordinator	(916) 255-0649 Fax: (916) 255-0629	Underground Economy Oper. Ctr.	(916) 464-1075, Ext. 299 Fax: (916) 464-1020
		Office of the Taxpayer Rights Advocate	(916) 654-8957 Fax: (916) 654-6969
		EDD's Website:	www.edd.cahwnet.gov

California Employer

This newsletter is published quarterly by the State Employment Development Department of the California Health and Human Services Agency, and is distributed with tax forms to all employers who are subject to the provisions of the California Unemployment Insurance Code.

The EDD is a recipient of federal and state funds, is an equal opportunity employer/program, and is in compliance with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. Special requests for alternate formats need to be made by calling (916) 654-7079.

Governor: Gray Davis
Agency Secretary: Grantland Johnson
Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

Produced by the EDD Office of Marketing and Constituent Services, MIC 84
Kevin M. Callori, Editor

First Quarter 1999

Vol. 52, No. 1